



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 28 (ending 14/07/2017)

**“I have no special talent. I am only passionately curious.” – Albert Einstein**

**The Irish Central Statistics Office (CSO) has introduced a new statistic, which will be known as modified Gross National Income (GNI). It has immediately shrunk the size of the Irish economy by a third, from €275bn in GDP terms, to just under €190bn in modified GNI terms** – Modified GNI aims to dispel charges of “Leprechaun Economics” by providing a measure that can filter out some of the economic aberrations observed in Irish data, created by our relatively unique economy; more specifically, modified GNI dampens the noise caused by massive profits from multinationals and re-domiciled companies, whilst accommodating the relocation of intellectual property and aircraft leasing assets here. Modified GNI also hikes up our headline debt ratio to 106 per cent from GDP’s back-slapping 73 per cent.

**Retail sales in US unexpectedly fell in June, the most since February** – The Federal Reserve has been quoted as saying that recent weak data is “transitory” but as it continues to increase interest rates, en route to “rate normalisation”, the data is keeping the Fed’s narrative under pressure.

**Global stock market up 1.6% on the week** – The MSCI AC World TR Index delivered strong positive performance of 1.64%, with relief over China’s positive GDP having factored. Volatility, as measured by the CBOE Volatility Index (VIX), fell from 11.75 to 9.82.

**Europe puts financial transaction tax on ice, as Brexit sees banks start to decamp** – Despite six years of lobbying and discussion it appears that in banking “opportunity knocks” within Europe and it has taken away the impetus to impose the new tax; the focus seems to have shifted to winning banking business away from London, at least in the interim.

**Data from the Chinese economy continues to defy forecasters’ expectations** - Many analysts have been expecting the Chinese economy to slow down but the National Bureau of Statistics has confounded expectations, announcing that Gross Domestic Product (GDP) expanded 6.9 per cent in the second quarter from a year earlier.

**The Story of the week:** A former NASA engineer has unveiled his home-made water pistol. The self-titled “world’s largest super soaker” measures in at seven feet in length and shoots water at 243mph, which is eight times the pressure of a fire hose. Capable of smashing glass, soda cans and doing immeasurable damage to any unfortunate sibling that might get caught down range of one, it mostly underscores that retirement isn’t for everybody and perhaps staying on at work might be just the thing for some people.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 YTD (to 07/07)</b>
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	11.2
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	6.9
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	6.1
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	9.4
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	11.0
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	17.3
Nikkei 225	22.9	56.7	7.1	9.1	0.4	5.3
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	17.0
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	-0.4
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 YTD</b>
U.S.	1.7	3.0	2.2	2.2	2.4	2.3
German	1.4	1.9	0.5	0.6	0.2	0.6
UK	1.9	3.0	1.9	1.9	1.2	1.3
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	.9
Italy	4.6	4.1	2.1	1.6	1.8	2.2
Greece	12.7	8.2	9.6	7.9	7.1	5.3
Portugal	6.9	6.1	2.7	2.5	3.8	3.1
Spain	5.4	4.1	1.6	1.7	1.4	1.6
<b>Central Bank Rates (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 YTD</b>
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.25
<b>Foreign Exchange Rates</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 YTD</b>
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.14
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.88
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.31
<b>IPD All Property Return % (in Local Currency)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Ireland	3.1	12.7	40.1	25.0	12.8	2.0% (to end of Q1)
U.K.	2.7	10.7	17.8	13.1	3.6	2.3% (to end of Q1)
U.S.	5.3	11.4	11.2	12.1	7.8	1.6% (to end of Q1)

\*Past performance is not a reliable guide to future performance